



# TOWN OF FREDERICK

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July 27, 2010

Chairman Douglas Rademacher  
Weld County Commissioners  
PO Box 758  
Greeley, CO 80632

**RE: Potential Impact of Proposition 101, Amendments 60 and 61 on the Town of Frederick**

Dear Commissioners:

Proposition 101, Amendment 60, and Amendment 61 are slated to appear on the November 2, 2010, statewide ballot. If these ballot measures are enacted, there will be significant and detrimental impacts on the Town of Frederick's ability to provide needed services for its residents and businesses. This letter is intended to provide information on the estimated financial impact that the three issues will have on the Town of Frederick if they are approved by the voters.

The overall financial impact of *Proposition 101* on the Town of Frederick will result in a decrease in revenues and fees in relation to the specific ownership tax, vehicle sales tax exemption, and other fees (HUTF and FASTER fees) of over \$750,000 annually. As an example of the magnitude of this impact on the Town of Frederick, the revenues for its Street and Alley Fund will experience a forced reduction of approximately 42%. In order to stay within the parameters mandated by Proposition 101, immediate and extreme reductions or the elimination of specific services will have to be made in areas such as infrastructure engineering and inspections, public facilities and utility infrastructure maintenance, street construction and maintenance, alley and bridge construction and maintenance, grading and resurfacing of gravel roads, snow removal, traffic signs, street lighting, signalization of intersections, street cleaning, weed control, roadside mowing, tree maintenance, and mosquito and other insect control. The passage of Proposition 101 will also cause the elimination of services in the areas of parks and open space maintenance and development, storm drainage, and other core services provided in the Town's general fund related to planning, public works, engineering and building services, and water utility services.

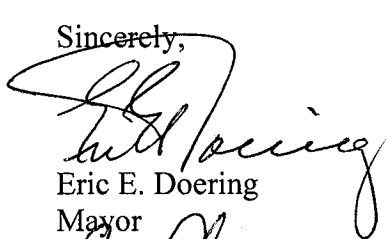
*Amendment 60* will impact Frederick by disallowing the Town from listing items such as taxes, late charges, and delinquent utility fees on property tax bills. The annual amount of delinquent utility account revenue that would no longer be collected through the property tax bills would total approximately \$50,000. This equates to a 100% reduction of that revenue source and a commensurate reduction in related municipal functions causing higher utility rates for rate

payers. Further, it appears that Amendment 60 will require the Town to pay property taxes on the value of its enterprise funds, such as water, electric, and drainage. In this case, the Town will be forced to raise customer rates and fees in the enterprise funds to pay for the property taxes, meaning that users would pay even higher fees for services.

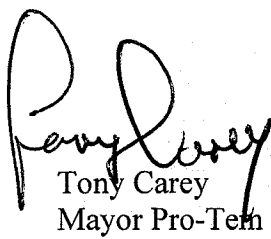
If *Amendment 61* passes, the Town will be limited in its borrowing capacity to a ten year repayment term, which is not feasible for jurisdictions that operate prudently with limited cash resources. This ballot measure requires limits on borrowing of no more than 10% of the Town's assessed valuation. While the Town has cautiously kept its debt to value ratio at approximately 5%, this mandate will cause a significant increase in required annual debt payments for borrowed money and it will also limit the Town's ability to plan strategically for future infrastructure needs. Furthermore, this Amendment will require a costly election to decide the practice of each debt financing option, such as lease purchases or lease-buybacks (including the Town's police vehicles and public works equipment), delaying the purchase of needed equipment until sometime after the next November election.

The Town of Frederick has been a prudent guardian of public resources and has kept its sales tax and property tax mill levy rates low at 2.5% and 6.555, respectively. Proposition 101, Amendment 60, and Amendment 61 will drastically reduce the Town's ability to provide needed services to the residents and businesses of Frederick. We encourage Weld County to join with us in providing information to residents that will help them make informed decisions on these upcoming ballot measures. Please feel free to contact us if you have any questions on how these measures will impact the Town of Frederick.

Sincerely,



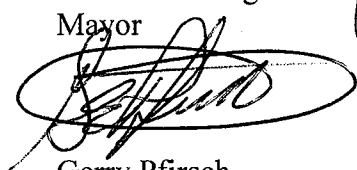
Eric E. Doering  
Mayor



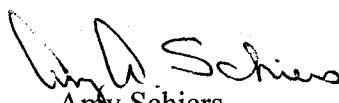
Tony Carey  
Mayor Pro-Tem



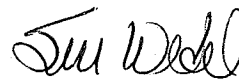
Rafer Burnham  
Trustee



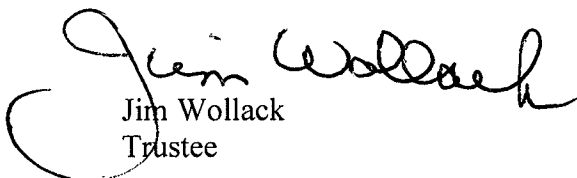
Gerry Pfirsch  
Trustee



Amy Schiers  
Trustee



Sue Wedel  
Trustee



Jim Wollack  
Trustee

cc: Colorado Municipal League  
Colorado Counties Incorporated